

FISHERIES LOAN FUND

fiscal year 1957



FISH AND WILDLIFE CIRCULAR 103

UNITED STATE DEPARTMENT OF THE INTERIOR
FISH AND WILDLIFE SERVICE
BUREAU OF COMMERCIAL FISHERIES
WASHINGTON 25, D. C.

ANNUAL REPORT OF FISHERIES LOAN FUND FISCAL YEAR 1957

For many years commercial fishermen of the United States have been generally under-capitalized and have traditionally depended upon financing from private sources. When fishing was profitable, or at least no more unprofitable than other industries competing for funds, credit was usually available to vessel owners, from banks, fish processing firms or supply houses. This satisfactorily sustained the fishery until such factors as increased operating costs, decreased prices, and increased imports of fishery products caused unprofitable operations. When this occurred, processors and suppliers found it increasingly difficult to finance their own operation, and banks would no longer make loans on fishing vessels except in exceptional cases. Maintenance of fishing vessels and gear suffered, vessel owners were unable to meet mortgage payments, and supplies were more difficult to obtain on credit.

Since 1950, many segments of the fishery industry have become so depressed that mortgages on vessels were foreclosed. This was especially true of the New England groundfish and Pacific coast tuna fisheries. Even the Small Business Administration refused to make loans to vessel owners, because of lack of reasonable assurance of ability to repay the loan from earnings. The industry became convinced that relief from financial problems claimed to be caused by increased fishery product imports could not be obtained through tariff escape-clause actions after the New England groundfish industry had failed to obtain a quota in three separate actions.

In most foreign countries such as Canada, Japan, Norway, and Denmark, where fish production is important, Government credit had been provided for the fishing industry. The method of handling this credit varies, with several being used in the same country at times. In Sweden, for example, loans are made by the Fishery Agency. In other countries, such as Canada and France, Fishery Banks have been established with Government funds, and special Fishermen's Loan Boards, and Credit Societies or Cooperatives have been established to provide credit for fishermen. The money may come from both revolving funds and direct appropriations. Loans are sometimes combined with grants or subsidies for certain purposes. As an example, in Belgium, grants are made to pay part of the interest on loans. In other countries, such as Canada and West Germany, part of the construction or operating cost of a fishing vessel is paid by the Government. Loans from fishery banks or private lending sources are guaranteed by the Government in Belgium and other countries.

Similar programs were not available to commercial fishermen in the United States and conditions in the industry became progressively worse. As a result, the industry renewed and strengthened its appeals for relief directly to Congress.

STATISTICS OF THE COMMERCIAL FISHERY, 1957

In 1957 a total of 11,671 vessels of more than 5 net tons, employing 50,109 fishermen, operated in the commercial fisheries of the United States and Alaska. An additional 56,434 motor boats of less than 5 net tons and 8,003 other boats, operated by 88,062 men, also were engaged in fishing. The number of vessels, boats, and fishermen employed in the fishery are listed by geographical areas in table 1.

Table 1.--Vessels, boats, and fishermen--United States and Alaska--1957

Area	Vessels		Boats	
	Number	Fishermen	Number	Fishermen
North Atlantic.....	2,338	12,323	26,821	38,645
Southeast.....	4,420	15,613	15,293	24,190
Pacific Northwest.....	2,136	6,504	3,679	7,010
California.....	1,713	7,598	1,641	2,461
Great Lakes and Mississippi River...	521	1,503	13,254	15,836
Alaska.....	1,999	¹ 12,203	3,825	(¹)
Total exclusive of duplication..	11,671	50,109	56,434	88,062

¹ Fishermen on boats combined with those on vessels.

Note: Some duplication may be included within areas when vessels fish from several ports. This has been excluded in the total.

These boats and vessels landed nearly 4.8 billion pounds of fish valued more than \$ 351 million.

HISTORY OF FISHERIES LOAN FUND

In 1955 and 1956, during the 84th Congress, a number of bills were introduced to alleviate the financial and other difficulties being experienced by the commercial fishing industry. The following bills proposed various types of fisheries loans, as well as other remedial actions: H.R. 8001, H.R. 9552, H.R. 10813, H.R. 11309, H.R. 11570, S. 2379, S. 3275, S. 3339. A number of identical or similar bills were also introduced. Extensive hearings were held on these bills and the net result was the inclusion of authorization for the fisheries loan program in the Fish and Wildlife Act of 1956 (Appendix No. 1). This Act provided for reorganization of the Fish and Wildlife Service, established a comprehensive national policy on fish and wildlife resources, transferred various fishery functions from other agencies to the Department of the Interior, and provided for the fisheries loan program. Section 4 of the Fish and Wildlife Act of 1956 (16 U.S.C. 742c) provided for a revolving fund of \$10 million to be used for loans for financing and refinancing of operations, maintenance, replacement, repair and equipment of fishing gear and fishing vessels, and for research into the basic problems of fisheries. An appropriation of \$10 million to implement this program was passed and signed by the President in August 1956. Section 4 of the Act reads as follows:

(a) The Secretary is authorized under rules and regulations and under terms and conditions prescribed by him, to make loans for financing and refinancing of operations, maintenance, replacement, repair, and equipment of fishing gear and vessels, and for research into the basic problems of fisheries.

(b) Any loans made under the provisions of this section shall be subject to the following restrictions:

(1) Bear an interest rate of not less than 3 per centum per annum;

(2) Mature in not more than ten years;

(3) No financial assistance shall be extended pursuant to this section unless reasonable financial assistance applied for is not otherwise available on reasonable terms.

(c) There is hereby created a fisheries loan fund, which shall be used by the Secretary as a revolving fund to make loans for financing and refinancing under this section. Any funds received by the Secretary on or before June 30, 1965, in payment of principal or interest on any loans so made, shall be deposited in the fund and be available for making additional loans under this section. Any funds so received after June 30, 1965, and any balance remaining in the fund at the close of June 30, 1965 (at which the fund shall cease to exist), shall be covered into the Treasury as miscellaneous receipts. There are hereby authorized to be appropriated to the fund the sum of \$10,000,000 to provide initial capital.

(d) The Secretary, subject to the specific limitations in this section, may consent to the modification, with respect to the rate of interest, time of payment of any installment of principal, or security, of any loan contract to which he is a party.

On October 15, 1956, the inauguration of the fisheries loan program was announced in a press release (Appendixes No. 2 and No. 3). The regulations governing the program were signed on that date and appeared in the Federal Register for October 18, 1956 Appendix No. 4). Application forms (Appendix No. 5) were distributed on October 22. A memorandum of understanding was concluded with the Small Business Administration which provided that that Agency would make financial investigations of applicants for loans in excess of \$5,000, close and disburse all approved loans, and service loans after disbursement. The Bureau of Commercial Fisheries would make technical investigations of applicants, financial investigations of applications involving \$5,000 or less, be responsible for the final decision on the approval or declination of an application, and have primary responsibility for the entire program. The Bureau also was to be responsible for handling any defaulted loans.

ADMINISTRATION OF THE FISHERIES LOAN FUND

The program was started with employees of various Sections of the Branch of Commercial Fisheries being temporarily detailed to the program. By the end of fiscal year 1957, a permanent field staff had been recruited and most of the permanent Central Office staff employed. The program was assigned to an Office of Loans and Grants in the Office of the Director. The staff in the Central Office consisted of three professional and three clerical employees. The field staff included four full-time and one half-time professional employees. The organization chart (fig. 1) shows the organization of the Office.

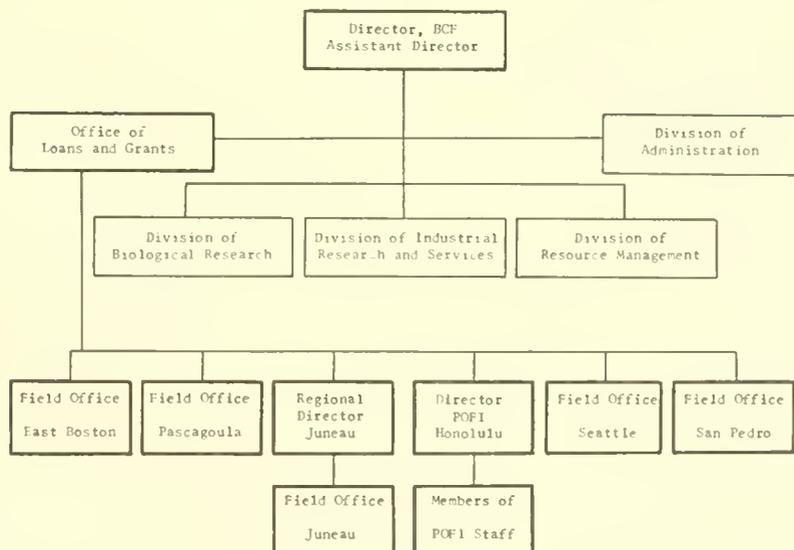


Figure 1.--Office of Loans and Grants organization chart, June 30, 1957

STATUS OF THE LOAN FUND

During the 1957 fiscal year (ending June 30, 1957), 258 applications totaling \$10,670,000 were received. Of these 133 (\$3,605,000) were approved, 20 (\$465,000) were declined, 20 (\$286,000) were found ineligible, and 5 (\$270,000) were withdrawn. The remainder were being processed at the close of the fiscal year. Figures 2 and 3 show the number and value of applications received and approved.

The status of the fund as of June 30, 1957, was as follows:

Appropriated	\$ 10,000,000
Interest collected and accrued	8,760
Principal collected	18,478
Total Available	10,027,238
Administrative Expenses	69,873
Net loans authorized	3,605,000
Total Obligations.....	3,674,873
Amount available for loans.....	6,352,365
Applications being processed.....	6,044,000

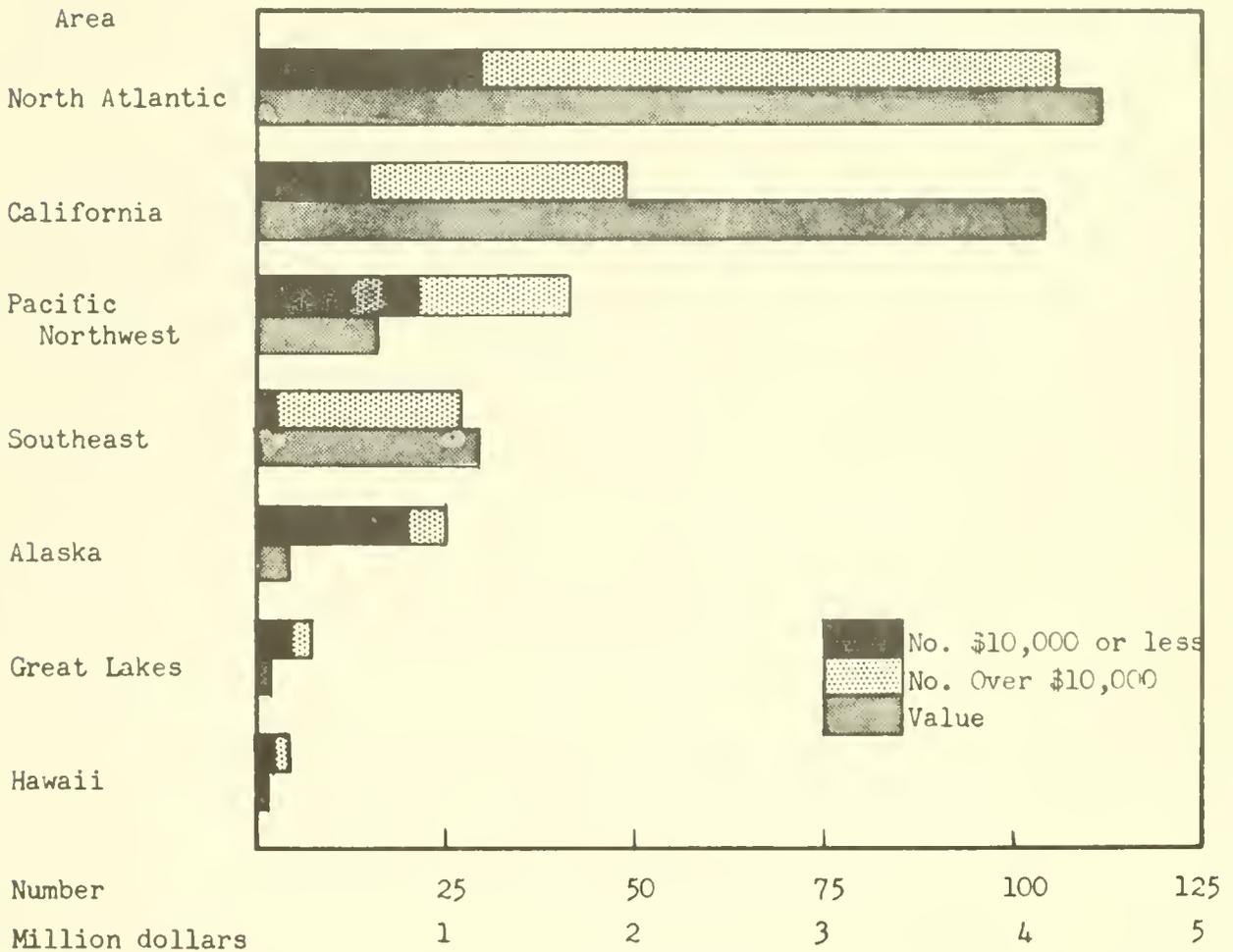


Figure 2.--Number and value of loan applications received, fiscal year 1957

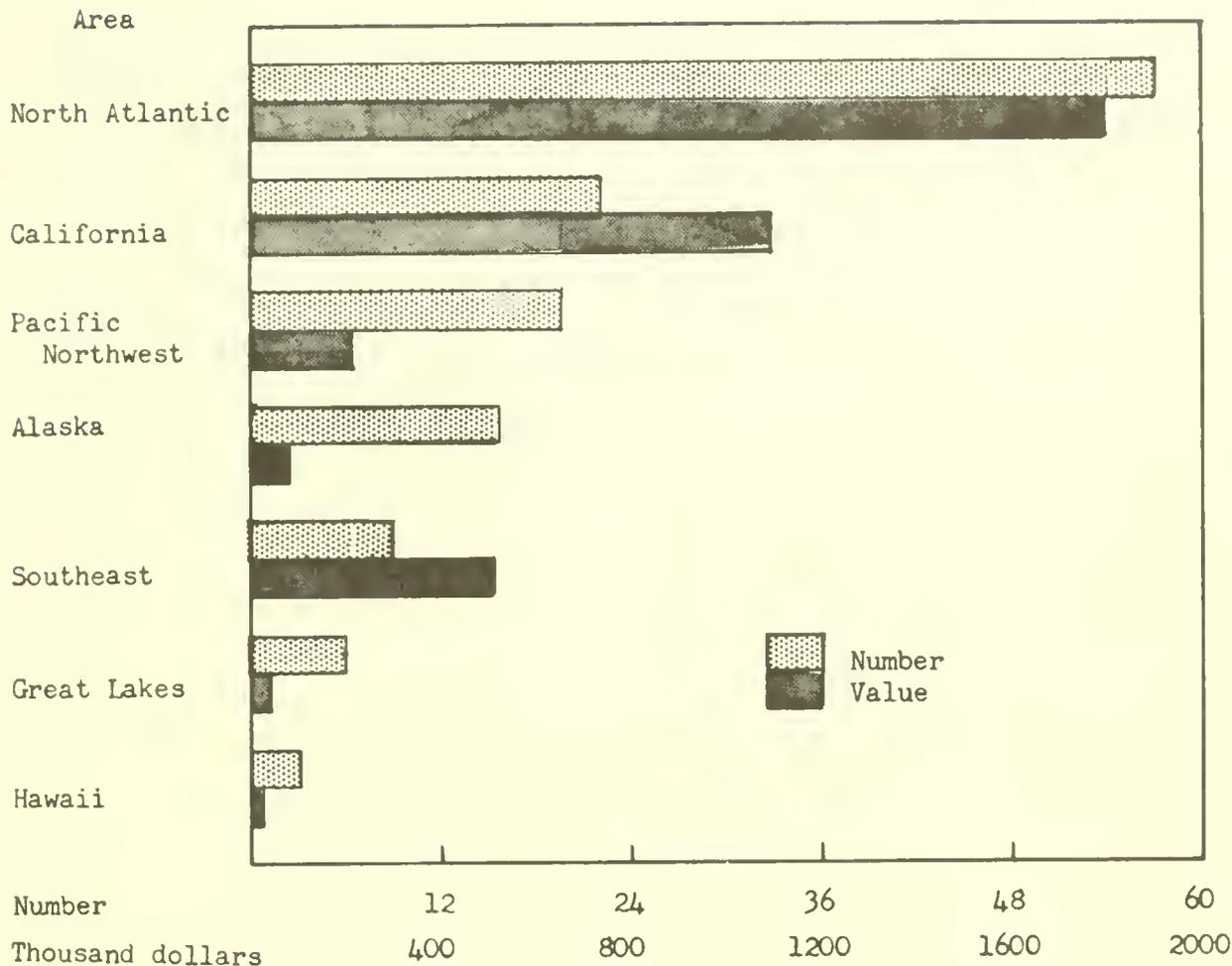


Figure 3.--Number and value of approved loans, fiscal year 1957

Five percent interest is charged on all fisheries loans. The reason for the small amount of interest collected (see above) is that most loans were not disbursed until near the end of the 1957 fiscal year and those that were approved late in the year were not closed and disbursed until the following fiscal year. All principal and interest collected is returned to the revolving fund and becomes available for future loans or administrative expenses. Administrative expenses are paid from the fund and a limitation on the amount which can be spent each year is carried in the Department of the Interior Appropriation Bill. During fiscal year 1957 this limitation was \$250,000.

During fiscal year 1957 one loan in the amount of \$5,600 was declared in default, due to the borrower canceling his insurance coverage of the vessel serving as collateral for the loan. Little or no loss is anticipated in this case.

DISCUSSIONS AND CONCLUSIONS

When the program began there was considerable apprehension among members of the industry that \$10 million would be too small an amount for the industry's needs. During the 1957 fiscal year, applications exceeding this amount were

received but declinations, ineligible applications, and withdrawals kept requirements well below the \$10 million appropriated. Eighty-eight applications were received during December 1956. During January 1957, only 16 were received but during the remainder of the fiscal year this varied between 22 and 41 applications per month. The large volume of applications in December represented a pent-up demand for financial assistance of this type. As the payments of principal and interest received are credited to the revolving fund, income is added to the original amount appropriated to provide funds for additional loans.

At the end of the 1957 fiscal year \$6,350,000 was available in the fund. Applications totaling \$6,040,000 were pending. However, a considerable number of these will probably be withdrawn, and of necessity will have to be declared ineligible or declined. Accordingly, the monies available are sufficient for the immediate requirements of the fisheries loan fund.

APPENDIX NO. 1

Public Law 1024 - 84th Congress Chapter 1036 - 2d Session S. 3275

AN ACT

All 70 Stat. 1119.

To establish a sound and comprehensive national policy with respect to fish and wildlife; to strengthen the fish and wildlife segments of the national economy; to establish within the Department of the Interior the position of Assistant Secretary for Fish and Wildlife; to establish a United States Fish and Wildlife Service; and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Fish and Wildlife Act of 1956".

Fish and Wildlife Act of 1956.

DECLARATION OF POLICY

SEC. 2. The Congress hereby declares that the fish, shellfish, and wildlife resources of the Nation make a material contribution to our national economy and food supply, as well as a material contribution to the health, recreation, and well-being of our citizens; that such resources are a living, renewable form of national wealth that is capable of being maintained and greatly increased with proper management, but equally capable of destruction if neglected or unwisely exploited; that such resources afford outdoor recreation throughout the Nation and provide employment, directly or indirectly, to a substantial number of citizens; that the fishing industries strengthen the defense of the United States through the provision of a trained seafaring citizenry and action-ready fleets of seaworthy vessels; that the training and sport afforded by fish and wildlife resources strengthen the national defense by contributing to the general health and physical fitness of millions of citizens; and that properly developed, such fish and wildlife resources are capable of steadily increasing these valuable contributions to the life of the Nation.

The Congress further declares that the fishing industry, in its several branches, can prosper and thus fulfill its proper function in national life only if certain fundamental needs are satisfied by means that are consistent with the public interest and in accord with constitutional functions of governments. Among these needs are:

(1) Freedom of enterprise—freedom to develop new areas, methods, products, and markets in accordance with sound economic principles, as well as freedom from unnecessary administrative or legal restrictions that unreasonably conflict with or ignore economic needs;

(2) Protection of opportunity—maintenance of an economic atmosphere in which domestic production and processing can prosper; protection from subsidized competing products; protection of opportunity to fish on the high seas in accordance with international law;

(3) Assistance—assistance consistent with that provided by the Government for industry generally, such as is involved in promoting good industrial relations, fair trade standards, harmonious labor relations, better health standards and sanitation; and including, but not limited to—

(a) services to provide current information on production and trade, market promotion and development, and an extension service,

(b) research services for economic and technologic development and resource conservation, and

(c) resource management to assure the maximum sustainable production for the fisheries.

The Congress further declares that the provisions of this Act are necessary in order to accomplish the objective of proper resource development, and that this Act shall be administered with due regard to the inherent right of every citizen and resident of the United States

to engage in fishing for his own pleasure, enjoyment, and betterment, and with the intent of maintaining and increasing the public opportunities for recreational use of our fish and wildlife resources, and stimulating the development of a strong, prosperous, and thriving fishery and fish processing industry.

REORGANIZATION WITHIN THE DEPARTMENT OF THE INTERIOR

Assistant Secretary for Fish and Wildlife; Commissioner of Fish and Wildlife.

SEC. 3. (a) There is hereby established within the Department of the Interior the position of Assistant Secretary for Fish and Wildlife, and the position of Commissioner of Fish and Wildlife. Such Assistant Secretary shall be appointed by the President, by and with the advice and consent of the Senate, and shall be compensated at the same rate as other Assistant Secretaries. The Commissioner shall be appointed by the President by and with the advice and consent of the Senate. He shall receive compensation at the same rate as that provided for Grade GS-18.

U. S. Fish and Wildlife Service.

There is also established a United States Fish and Wildlife Service within the Department, consisting of two separate agencies, each of which shall have the status of a Federal bureau. There shall be a Director of each of said Bureaus appointed by the Secretary at Grades GS-17 each. One of the agencies shall be known as the "Bureau of Commercial Fisheries" and the other agency shall be known as the "Bureau of Sport Fisheries and Wildlife". The United States Fish and Wildlife Service, except as prescribed by this Act, shall succeed to and replace the presently existing Fish and Wildlife Service of the Department.

(b) The functions of the United States Fish and Wildlife Service hereby established shall be administered under the supervision of the said Commissioner of Fish and Wildlife, who shall be subject to the supervision of the Assistant Secretary for Fish and Wildlife.

(c) All functions and responsibilities placed in the Department of the Interior or any official thereof by this Act shall be included among the functions and responsibilities of the Secretary of the Interior, as the head of the Department, and shall be carried out under his direction pursuant to such procedures or delegations of authority as he may deem advisable and in the public interest.

Distribution of duties, etc.

(d) In order to make a proper distribution between the two Bureaus of the United States Fish and Wildlife Service established by this Act, the previously existing functions, powers, duties, authority, liabilities, commitments, personnel, records, and other properties or matters previously handled by or administered through the former Fish and Wildlife Service of the Department, shall be distributed as follows:

(1) The Bureau of Commercial Fisheries shall be responsible for those matters to which this Act applies relating primarily to commercial fisheries, whales, seals, and sea-lions, and related matters:

(2) The Bureau of Sport Fisheries and Wildlife shall be responsible for those matters to which this Act applies relating primarily to migratory birds, game management, wildlife refuges, sport fisheries, sea mammals (except whales, seals and sea-lions), and related matters; and the funds and allocations, appropriated or otherwise, relating to the matters covered by paragraphs (1) and (2) of this subsection shall be distributed between such Bureaus as the Secretary of the Interior shall determine.

(e) Except as changed by the terms of this Act or by subsequent laws or regulations, all laws and regulations now in effect relating to matters heretofore administered by the Department of the Interior through the former Fish and Wildlife Service as heretofore existing, shall remain in effect.

Administrative procedures.

(f) In recognition of the need for authority to execute the purposes of this Act effectively, the Secretary of the Interior shall exercise such

general administrative authority consistently with the terms of this Act as he shall find to be necessary to carry out the provisions of this Act effectively and in the public interest. In order to allow sufficient time to place the reorganizations under this Act into effect, the Secretary is authorized to establish an effective procedure and date of such reorganizations, notice of which shall be published in the Federal Register. Such reorganization shall be accomplished as soon as practicable after the approval of this Act, but not later than ninety (90) calendar days after such approval.

Publication
of notice in
FR.

LOAN PROCEDURES

SEC. 4. (a) The Secretary is authorized under rules and regulations and under terms and conditions prescribed by him, to make loans for financing and refinancing of operations, maintenance, replacement, repair, and equipment of fishing gear and vessels, and for research into the basic problems of fisheries.

(b) Any loans made under the provisions of this section shall be subject to the following restrictions:

- (1) Bear an interest rate of not less than 3 per centum per annum;
- (2) Mature in not more than ten years;
- (3) No financial assistance shall be extended pursuant to this section unless reasonable financial assistance applied for is not otherwise available on reasonable terms.

(c) There is hereby created a fisheries loan fund, which shall be used by the Secretary as a revolving fund to make loans for financing and refinancing under this section. Any funds received by the Secretary on or before June 30, 1965, in payment of principal or interest on any loans so made, shall be deposited in the fund and be available for making additional loans under this section. Any funds so received after June 30, 1965, and any balance remaining in the fund at the close of June 30, 1965 (at which time the fund shall cease to exist), shall be covered into the Treasury as miscellaneous receipts. There are hereby authorized to be appropriated to the fund the sum of \$10,000,000 to provide initial capital.

(d) The Secretary, subject to the specific limitations in this section, may consent to the modification, with respect to the rate of interest, time of payment of any installment of principal, or security, of any loan contract to which he is a party.

INVESTIGATIONS, INFORMATION, REPORTS

SEC. 5. (a) The Secretary shall conduct continuing investigations, prepare and disseminate information, and make periodical reports to the public, to the President, and to Congress, with respect to the following matters:

- (1) The production and flow to market of fish and fishery products domestically produced, and also those produced by foreign producers which affect the domestic fisheries;
- (2) The availability and abundance and the biological requirements of the fish and wildlife resources;
- (3) The competitive economic position of the various fish and fishery products with respect to each other, and with respect to competitive domestic and foreign-produced commodities;
- (4) The collection and dissemination of statistics on commercial and sport fishing;
- (5) The collection and dissemination of statistics on the nature and availability of wildlife, progress in acquisition of additional refuges and measures being taken to foster a coordinated program to encourage and develop wildlife values;

(6) The improvement of production and marketing practices in regard to commercial species and the conduct of educational and extension services relative to commercial and sport fishing, and wildlife matters;

(7) Any other matters which in the judgment of the Secretary are of public interest in connection with any phases of fish and wildlife operations.

TRANSFER OF FUNCTIONS—ASSISTANCE OF OTHER AGENCIES

SEC. 6. (a) There shall be transferred to the Secretary all functions of the Secretary of Agriculture, the Secretary of Commerce, and the head of any other department or agency, as determined by the Director of the Bureau of the Budget to relate primarily to the development, advancement, management, conservation, and protection of commercial fisheries; but nothing in this section shall be construed to modify the authority of the Department of State or the Secretary of State to negotiate or enter into any international agreements, or conventions with respect to the development, management or protection of any fisheries and wildlife resources or with respect to international commissions operating under conventions to which the United States is a party.

(b) There shall be transferred to the Department of the Interior so much of the personnel, property, facilities, records, and unexpended balances of appropriations, allocations, and other funds (available or to be made available) as the Director of the Bureau of the Budget determines to be necessary in connection with the exercise of any functions transferred to the Secretary pursuant to subsection (a) of this section.

(c) The Secretary may request and secure the advice or assistance of any department or agency of the Government in carrying out the provisions of this Act, and any such department or agency which furnishes advice or assistance to the Secretary may expend its own funds for such purposes, with or without reimbursement from the Secretary as may be agreed upon between the Secretary and the department or agency.

POLICIES, PROCEDURES, RECOMMENDATIONS

SEC. 7. (a) The Secretary of the Interior, with such advice and assistance as he may require from the Assistant Secretary for Fish and Wildlife, shall consider and determine the policies and procedures that are necessary and desirable in carrying out efficiently and in the public interest the laws relating to fish and wildlife. The Secretary, with the assistance of the departmental staff herein authorized, shall—

(1) develop and recommend measures which are appropriate to assure the maximum sustainable production of fish and fishery products and to prevent unnecessary and excessive fluctuations in such production;

(2) study the economic condition of the industry, and whenever he determines that any segment of the domestic fisheries has been seriously disturbed either by wide fluctuation in the abundance of the resource supporting it, or by unstable market or fishing conditions or due to any other factors he shall make such recommendations to the President and the Congress as he deems appropriate to aid in stabilizing the domestic fisheries;

(3) develop and recommend special promotional and informational activities with a view to stimulating the consumption of fishery products whenever he determines that there is a prospective or actual surplus of such products;

(4) take such steps as may be required for the development, advancement, management, conservation, and protection of the fisheries resources; and

(5) take such steps as may be required for the development, management, advancement, conservation, and protection of wild-life resources through research, acquisition of refuge lands, development of existing facilities, and other means.

STATE DEPARTMENT—COOPERATION

SEC. 8. (a) The Secretary shall cooperate to the fullest practicable extent with the Secretary of State in providing representation at all meetings and conferences relating to fish and wildlife in which representatives of the United States and foreign countries participate.

The Secretary of State shall designate the Secretary of the Interior or the Assistant Secretary for Fish and Wildlife, or a person designated by the Secretary of the Interior to represent the Department of the Interior, as a member of the United States delegation attending such meetings and conferences and also as a member of the negotiating team of any such delegation.

(b) The Secretary of State and all other officials having responsibilities in the fields of technical and economic aid to foreign nations shall consult with the Secretary in all cases in which the interests of fish and wildlife are involved, with a view to assuring that such interests are adequately represented at all times.

(c) Notwithstanding any other provision of law, the Secretary shall be represented in all international negotiations conducted by the United States pursuant to section 350 of the Tariff Act of 1930, as amended, in any case in which fish products are directly affected by such negotiations.

48 Stat. 943.
19 USC 1351.

(d) The Secretary shall consult periodically with the various governmental, private nonprofit, and other organizations and agencies which have to do with any phase of fish and wildlife with respect to any problems that may arise in connection with such fish and wildlife.

REPORTS ON ACTIVITIES AND IMPORTS

SEC. 9. (a) The Secretary of the Interior shall make an annual report to the Congress with respect to activities of the United States Fish and Wildlife Service under this Act, and shall make such recommendations for additional legislation as he deems necessary.

Report to
Congress.

(b) The Secretary is authorized to make a report to the President and the Congress, and, when requested by the United States Tariff Commission in connection with section 7 of the Trade Agreements Extension Act of 1951, as amended (67 Stat. 72, 74), or when an investigation is made under the Tariff Act of 1930 (19 U. S. C. 1332), the Secretary is authorized to make a report to such Commission, concerning the following matters with respect to any fishery product which is imported into the United States, or such reports may be made upon a request from any segment of the domestic industry producing a like or directly competitive product—

65 Stat. 74.
19 USC 1364.

(1) whether there has been a downward trend in the production, employment in the production, or prices, or a decline in the sales, of the like or directly competitive product by the domestic industry; and

(2) whether there has been an increase in the imports of the fishery products into the United States, either actual or relative to the production of the like or directly competitive product produced by the domestic industry.

THE RIGHTS OF STATES

67 Stat. 29. SEC. 10. Nothing in this Act shall be construed (1) to interfere in any manner with the rights of any State under the Submerged Lands Act (Public Law 31, Eighty-third Congress) or otherwise provided by law, or to supersede any regulatory authority over fisheries exercised by the States either individually or under interstate compacts; or (2) to interfere in any manner with the authority exercised by any International Commission established under any treaty or convention to which the United States is a party.

AUTHORIZATION FOR APPROPRIATION

SEC. 11. There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this Act.

SEC. 12. (a) The authorization for the transfer of certain funds from the Secretary of Agriculture to the Secretary of the Interior and their maintenance in a separate fund as contained in section 2 (a) of the Act of August 11, 1939, as amended July 1, 1954 (68 Stat. 376), shall be continued for the year ending June 30, 1957, and each year thereafter.

(b) Subsection (e) of section 2 of the aforesaid Act of August 11, 1939, as amended, is hereby amended to read as follows:

"(e) The separate fund created for the use of the Secretary of the Interior under section 2 (a) of this Act and the annual accruals thereto shall be available for each year hereafter until expended by the Secretary."

Approved August 8, 1956.

APPENDIX NO. 2

FISH AND WILDLIFE SERVICE

For Release OCTOBER 15, 1956

FISHERIES LOAN FUND PREPARATIONS NEAR COMPLETION

One of the new functions authorized by the Fish and Wildlife Act of 1956--the creation of a fisheries loan fund--is now ready to operate and loan application forms will be distributed from the Fish and Wildlife Service on receipt from the printers, Secretary of the Interior Fred A. Seaton announced today.

Under one of the provisions of the new Act, the Secretary of the Interior is authorized to establish rules and regulations "to make loans for financing, and refinancing of operations, maintenance, replacement, repair, and equipment of fishing gear and vessels, and for research into the basic problems of fisheries." Loans can not be extended for any phase of a shore operation.

The broad objective of the fisheries loan fund created by the Act is to provide financial assistance which will aid the commercial fishing industry to bring about a general upgrading of the condition of both fishing vessels and fishing gear in order to produce more efficient and profitable fishing operations.

The Act authorized \$10 million to provide initial capital as a revolving fund for these loans. The law provides that the loans will bear an interest rate of not less than three percent and will mature in not more than 10 years. Under the terms of the Act, a loan may not be granted unless reasonable financial assistance applied for is not otherwise available on reasonable terms.

Rules and regulations for making loans under the fisheries loan fund will be published in the Federal Register.

Persons in the United States and territorial possessions who desire loans should obtain an application form and instruction sheet from the nearest Fish and Wildlife Service Fishery Market News Office. These offices are located in New York City, Boston, Mass., Hampton, Va., New Orleans, La., San Pedro, Calif., Seattle, Wash., and Chicago, Ill. In Alaska applications may be obtained from the FWS Fishery Products Laboratory in Ketchikan and the FWS office in Juneau; in Hawaii from the FWS Laboratory, 2570 Dole Street, Honolulu.

Forms are also available from the central office of the Fish and Wildlife Service at Washington 25, D. C. Completed application forms must be sent to the Washington office of the Service for processing.

Street addresses of the Fishery Market News Offices are as follows:

Boston, Mass., Rm. 10, Commonwealth Pier
New York City, 155 John Street
Hampton, Va., 18 S. King Street
New Orleans, La., Federal Building
San Pedro, Calif., Post Office Building
Seattle, Wash., 421 Bell Street Terminal
Chicago, Ill., Rm. 618, 565 W. Washington Street

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APPENDIX NO. 3

FISH AND WILDLIFE SERVICE

For Release OCTOBER 17, 1956

TERMS OF NEW FISHERIES LOAN FUND ANNOUNCED

Terms and conditions for the granting of loans under the newly created fisheries loan fund, authorized by the Fish and Wildlife Act of 1956, were announced today by Secretary of the Interior Fred A. Seaton. The loan fund will be administered by the Fish and Wildlife Service.

The regulations establishing the required administrative procedures were signed by Secretary Seaton on October 15 and will be published in the Federal Register on October 18.

The loan fund was created under the authority of the new Fish and Wildlife Act, approved by the President on August 8, which empowered the Secretary of the Interior "to make loans for financing and refinancing of operations, maintenance, replacement, repair, and equipment of fishing gear and vessels, and for research into the basic problems of fisheries."

Secretary Seaton explained that the rate of interest on all loans granted is fixed at five percent per annum. The period of maturity of any loan shall be determined and fixed according to the circumstances, but in no event can it exceed a period of 10 years.

Loan application forms and instruction sheets for filling out the forms, plus a copy of the regulations as signed by Secretary Seaton can be obtained from the Fish and Wildlife Service beginning on October 22.

Persons in the United States and territorial possessions who desire loans should obtain an application form and instruction sheet from the nearest Fish and Wildlife Service Fishery Market News Office. These offices are located in New York City, Boston and Gloucester, Mass., Hampton, Va., New Orleans, La., San Pedro, Calif., Seattle, Wash., and Chicago, Ill. In Alaska applications may be obtained from the FWS Fishery Products Laboratory in Ketchikan and the FWS office in Juneau; in Hawaii from the FWS Laboratory, 2570 Dole Street, Honolulu.

Forms are also available from the central office of the Fish and Wildlife Service at Washington 25, D. C. Completed application forms may be sent to Washington office of the Service or to the field offices from which application forms were obtained.

Street addresses of the Fishery Market News Offices are as follows:

Boston, Mass., Rm. 10, Commonwealth Pier
New York City, 155 John Street
Hampton, Va., 18 S. King Street
New Orleans, La., Federal Building
San Pedro, Calif., Post Office Building
Seattle, Wash., 421 Bell Street Terminal
Chicago, Ill., Rm. 618, 565 W. Washington Street
Gloucester, Mass., Post Office Building

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OFFICE OF THE SECRETARY

For Release OCTOBER 25, 1956

INTERIOR AND SBA TO COOPERATE IN GRANTING FISHERY LOANS

Secretary of the Interior Fred A. Seaton and Wendell B. Barnes, Administrator of the Small Business Administration, announced today that the Department of the Interior and the Small Business Administration have concluded an agreement for administration of the recently established \$10,000,000 fisheries loan fund.

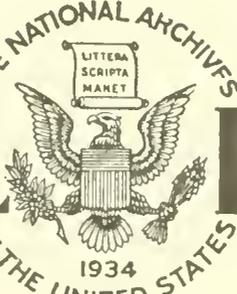
This loan fund was authorized by the Fish and Wildlife Act of 1956 and the regulations establishing the required administrative procedures were published in the Federal Register on October 18.

Under the terms of the "memorandum of understanding" signed by the two agencies, all completed loan applications must first be sent by the applicant to the Fish and Wildlife Service of the Department of the Interior, either to the nearest designated fishery field office or to the central office in Washington, D. C.

Applications approved for further processing will be forwarded by the Department to the Small Business Administration, which will initiate a field investigation to ascertain the applicant's financial standing. At the same time, the Service will determine the applicant's qualifications in the field of fisheries.

Loan applications approved by the Department of the Interior on the basis of investigations by the Small Business Administration and the Fish and Wildlife Service will be transmitted to the Small Business Administration, which will perform the services involving the issuance of the check for the loan, collection of repayments, and other loan servicing functions.

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THE NATIONAL ARCHIVES

 FEDERAL REGISTER
 VOLUME 21 1934 NUMBER 203
 OF THE UNITED STATES

Washington, Thursday, October 18, 1956

TITLE 50—WILDLIFE

Chapter I—Fish and Wildlife Service, Department of the Interior

Subchapter J—Fisheries Loan Fund

PART 160—LOAN PROCEDURES

Basis and purpose. Section 4 of the Fish and Wildlife Act of 1956 (70 Stat. 1119, 1121), created a Fisheries Loan Fund to be used by the Secretary of the Interior under rules and regulations and under terms and conditions to be prescribed by him to make loans for financing and refinancing of operations, maintenance, replacement, repair, and equipment of fishing gear and vessels, and for research into the basic problems of fisheries. To implement the authorization thus granted, the following regulations, constituting a new subchapter and part, are adopted.

Sec.

160.1	Definitions of terms.
160.2	Purpose of loan fund.
160.3	Interpretation of loan authorization.
160.4	Qualified loan applicants.
160.5	Basic limitations.
160.6	Applications.
160.7	Processing of loan applications.
160.8	Approval of loans.
160.9	Interest.
160.10	Maturity.
160.11	Security.
160.12	Penalties on default.

AUTHORITY: §§ 160.1 to 160.12 issued under sec. 4, 70 Stat. 1121.

§ 160.1 *Definitions of terms.* For the purposes of this part, the following terms shall be construed, respectively, to mean and to include:

(a) *Secretary.* The Secretary of the Interior or his authorized representative.

(b) *Administrator.* Administrator of the Small Business Administration or his authorized representative.

(c) *Person.* Individual, association, partnership or corporation, any one or all, as the context requires.

(d) *State.* Any State, the Territories and possessions of the United States, the Commonwealth of Puerto Rico, and the District of Columbia.

§ 160.2 *Purposes of loan fund.* (a) Under section 4 of the Fish and Wildlife Act of 1956, the Secretary is authorized, among other things,

(1) To make loans for financing and refinancing of operations, maintenance, replacement, repair, and equipment of fishing gear and vessels, and for re-

search into the basic problems of fisheries.

(2) Subject to the specific limitations in the section, to consent to the modification, with respect to the rate of interest, time of payment of any installment of principal, or security, of any loan contract to which he is a party.

The broad objective of the fisheries loan fund created by the Act is to provide financial assistance which will aid the commercial fishing industry to bring about a general upgrading of the condition of both fishing vessels and fishing gear thereby contributing to more efficient and profitable fishing operations.

(b) All financial assistance granted by the Secretary must be for one or more of the purposes set forth in paragraph (a) of this section.

§ 160.3 *Interpretation of loan authorization.* The terms used in the Act to describe the purposes for which loans may be granted are construed to be limited to the meanings ascribed in this section.

(a) *Operation of fishing gear and vessels.* The words "operation of fishing gear and vessels" mean and include all phases of activity directly associated with the capture or landing of fish.

(b) *Maintenance of fishing gear and vessels.* The words "maintenance of fishing gear and vessels" mean the normal and routine upkeep of all parts of fishing gear and fishing vessels, including machinery and equipment.

(c) *Replacement of fishing gear and vessels.* The words "replacement of fishing gear and vessels" contemplate the purchase of fishing gear or fishing vessels or any equipment, parts, machinery, or other items incident to outfitting for fishing to replace lost, damaged, worn, obsolete, inefficient, or discarded items of a similar nature.

(d) *Repair of fishing gear and vessels.* The words "repair of fishing gear and vessels" mean the restoration of any worn or damaged part of fishing gear or fishing vessels to an efficient operating condition.

(e) *Equipment of fishing gear and vessels.* The words "equipment of fishing gear and vessels" mean the parts, machinery, or other items incident to outfitting for fishing which are purchased for use in fishing operations.

(f) *Research into the basic problems of fisheries.* The words "research into the basic problems of fisheries" mean in-

vestigation or experimentation designed to lead to fundamental improvements in the capture or landing of fish conducted as an integral part of vessel or gear operations.

§ 160.4 *Qualified loan applicants.* (a) Any person residing or conducting business in any State shall be deemed to be a qualified applicant for financial assistance if—

(1) He owns a commercial fishing vessel of United States registry (if registration is required) used directly in the conduct of fishing operations, irrespective of the type, size, power, or other characteristics of such vessel;

(2) He owns any type of commercial fishing gear used directly in the capture of fish;

(3) He is directly engaged in commercial fishing operations using a fishing vessel of United States registry (if registration is required) or fishing gear under his control on a lease or share basis; or

(4) He owns or controls any property, equipment, or facilities useful in conducting research into the basic problems of fisheries or possesses scientific, technological, or other skills useful in conducting such research.

(b) Applications for financial assistance cannot be considered if the loan is to be used for—

(1) Any phase of a shore operation.

(2) Refinancing an existing loan made upon reasonable terms.

(3) Paying creditors for debts previously incurred (except where loans deemed to be based upon unreasonable terms are refinanced).

(4) Purchasing a partial interest in other fishing vessels or fishing gear or buying a partner's interest.

(5) Financing new business ventures involving fishing operations.

§ 160.5 *Basic limitations.* Applications for financial assistance may be considered only when there is evidence that the credit applied for is not otherwise available on reasonable terms. The financial assistance applied for shall be deemed to be otherwise available on reasonable terms, unless it is satisfactorily demonstrated that—

(a) Proof of refusal of the desired credit has been obtained from the applicant's bank or account: *Provided*, That if the amount of the loan applied for is in excess of the legal lending limit of the applicant's bank or in excess of the

amount that the bank normally lends to any one borrower, then proof of refusal should be obtained from a correspondent bank or from any other lending institution whose lending capacity is adequate to cover the loan applied for. Proof of refusal of the credit applied for must contain the date, amount, and terms requested. Bank refusals to advance credit will not be considered the full test of unavailability of credit and, where there is knowledge or reason to believe that credit is otherwise available on reasonable terms from sources other than such banks, the credit applied for cannot be granted notwithstanding the receipt of written refusals from such banks.

(b) Other applicable Government financing is not available to the applicant.

§ 160.6 *Application.* Any person desiring financial assistance from the fisheries loan fund shall make application to the Fish and Wildlife Service, Department of the Interior, Washington 25, D. C., on a loan application form furnished by that Service except that, in the discretion of the Secretary, an application made other than by use of the prescribed form may be considered if the application contains information deemed to be sufficient. Such application shall indicate the purposes for which the loan is to be used, the period of the loan, and the security to be offered.

§ 160.7 *Processing of loan applications.* If it is determined, on the basis of a pre-

liminary review, that the application is complete and appears to be in conformity with established rules and procedures, a field examination shall be made. Following completion of the field investigation the application will be forwarded with an appropriate report to the Fish and Wildlife Service, Department of the Interior, Washington 25, D. C.

§ 160.8 *Approval of loans.* Loan agreements shall be executed on a form approved by the Secretary. The Secretary will evidence his approval of the loan by issuing a commitment order covering the terms and conditions for making the loan. Such commitment order shall be referred to the Administrator who will direct the closing of the loan with the applicant in the field and render services involving the collection of repayments and such other loan servicing functions as may be required. Any modification of the terms of a loan agreement following its execution must be agreed to in writing by the borrower and the Secretary.

§ 160.9 *Interest.* The rate of interest on all loans which may be granted is fixed at five per cent per annum.

§ 160.10 *Maturity.* The period of maturity of any loan which may be granted shall be determined and fixed according to the circumstances but in no event shall the date of maturity so fixed exceed a period of ten years.

§ 160.11 *Security.* Loans shall be approved only upon the furnishing of such security or other reasonable assurance of repayment as the Secretary may require.

§ 160.12 *Penalties on default.* Unless otherwise provided in the loan agreement, failure on the part of a borrower to conform to the terms of the loan agreement will be deemed grounds upon which the Secretary may cause any one or all of the following steps to be taken:

(a) Discontinue any further advances of funds contemplated by the loan agreement.

(b) Take possession of any or all collateral given as security and the property purchased with borrowed funds.

(c) Prosecute legal action against the borrower.

(d) Declare the entire amount advanced immediately due and payable.

(e) Prevent further disbursement of and withdraw any funds advanced to the borrower and remaining under his control.

These regulations shall become effective upon publication in the FEDERAL REGISTER.

Issued at Washington, D. C., and dated October 15, 1956.

FRED A. SEATON,
Secretary of the Interior.

[F. R. Doc. 56-8421; Filed, Oct. 17, 1956;
8:53 a. m.]

AMENDMENT TO PART 160 - LOAN PROCEDURES

Section 160.4 (b) has been amended to read as follows:

160.4 Qualified Loan Applicants

(b) Applications for financial assistance cannot be considered if the loan is to be used for --

(1) Any phase of a shore operation,

(2) Refinancing existing preferred mortgages and secured loans except in those instances where the Secretary deems such refinancing to be desirable in carrying out the purpose of the act,

(3) Paying creditors for debts previously incurred, except for marshalling and liquidating the indebtedness of the applicant to existing lien holders in those instances where the Secretary deems such action to be desirable in carrying out the purpose of the act,

(4) Purchasing a partial interest in other fishing vessels or fishing gear or buying a partner's interest,

(5) Financing new business ventures involving fishing operations.

November 13, 1956

8. Collateral offered by applicant as security for loan:

DESCRIPTION	DATE ACQUIRED	COST (Omit \$.00)	BOOK VALUE (Net)	APPRAISED VALUE (Fixed assets)
Property now held and nature of title:†				
To be acquired (Complete 1st and 2d columns only):			X	X

Appraised by:

Name _____ Title _____ Date _____
 †Describe existing liens, if any, on property listed above. Attach photograph of property if available.

9. Financial statement as of _____, 19____, fiscal year ends _____
 (Statement must be dated within 60 days of the filing of this application. Omit \$.00)

(The applicant may submit in lieu of the financial statement prescribed below, a copy of a statement dated within 90 days of the filing of this application provided he also supplies the supplementary detail called for on items marked with an asterisk.)

ASSETS		LIABILITIES	
Cash on hand and in banks.....	\$.....	*Notes payable to vendors.....	\$.....
*Notes receivable.....	.....	*Notes payable to banks.....	.....
*Accounts receivable..... \$.....	.....	*Notes to officers, directors, and stockholders.....	.....
Less reserve for doubtful accounts.....	.....	*Notes to others.....	.....
Inventories (indicate kind and how valued):	.....	*Accounts payable to vendors.....	.....
..... \$.....	.....	*Accounts due officers or stockholders.....	.....
.....	.....	Income taxes.....	.....
*Other current assets.....	.....	Other accruals.....	.....
Total current assets.....	\$.....	*Other current liabilities.....	.....
*Due from affiliates or subsidiaries.....	.....	Total current liabilities.....	\$.....
*Due from officers, directors, and stockholders.....	.....	*Mortgage debts.....	.....
Life insurance (CSV).....	.....	*Other liabilities.....	.....
Land.....	.....	Total liabilities.....	\$.....
Buildings..... \$.....	.....	Capital stock..... \$.....	.....
Vessels and gear.....	.....	Surplus and undivided profits.....	.....
Machinery and equipment.....	.....	Capital account (if individual or partnership).....	.....
Furniture and fixtures.....	.....	Total liabilities and net worth.....	\$.....
Autos and trucks.....	.....	
Less reserve for depreciation.....	.....	
*Other assets.....	.....	
Total assets.....	\$.....		

*Itemize on a separate sheet all items marked with an asterisk. If any of the liabilities shown in the above financial statement are secured, state the amount and to whom owed and itemize collateral pledged as security. (See Instructions.)

CONTINGENT LIABILITIES: Accounts or notes receivable discounted or sold with endorsement or guarantee and all other contingent liabilities, including terms of any leases, should be explained on a separate sheet. Also, describe any pending or imminent litigation.

NOTE.—Submit copy of last available audit or of financial statement at close of last fiscal period (if such date differs from date of above statement).

10. Comparative statements of profit or loss:

	19	19	19	19	to date
IF A CORPORATION, USE THIS BLOCK:					
Net sales (gross sales less returns and allowances).....	\$.....	\$.....	\$.....	\$.....	
Net profit (after depreciation and taxes).....					
Depreciation.....					
Income taxes.....					
Compensation of officers (included in expenses).....					
Dividends paid.....					
IF A PARTNERSHIP OR PROPRIETORSHIP, USE THIS BLOCK:					
Net sales (gross sales less returns and allowances).....					
Net profit (after depreciation and withdrawals).....					
Depreciation.....					
Withdrawals (for income taxes).....					
Withdrawals (for other purposes).....					

11. Give names and experience of key personnel, with length of service or similar information, who manage and operate vessel or gear for which the loan is proposed. (Use separate sheet.)

12. Is vessel or gear now in operation? If not, explain why.

13. Proposed method for repayment of loan. (State sources of funds and proposed schedule of repayment on separate sheet.)

14. Are there now, or have there been in the past, any legal proceedings brought against you or your corporation relating to your business? If so, state nature and present status on separate sheet.

15. Have you been involved in any bankruptcy proceedings at any time, or made an assignment for benefit of creditors, etc.? Give full details and other pertinent information relating to these matters. (Use separate sheet.)

16. NAMES OF ATTORNEYS, ACCOUNTANTS, AND OTHER PARTIES. The names of all attorneys, accountants, appraisers, agents, and all other parties (whether individuals, partnerships, associations, or corporations) engaged by or on behalf of the applicant (whether on a salary, retainer, or fee basis and regardless of the amount of compensation) for the purpose of rendering professional or other services of any nature whatever to applicant, in connection with the preparation or presentation of this application or with any loan to applicant which the Department of the Interior may make, or in which the Department of the Interior may participate, as a result of this application, or such loan or participation; and all fees or other charges or compensation paid or to be paid therefor or for any purpose in connection with this application whether in money or other property of any kind whatever, by or for the account of the applicant, together with a description of such services rendered or to be rendered, are as follows:

NAME AND ADDRESS	DESCRIPTION OF SERVICES RENDERED AND TO BE RENDERED	*TOTAL COMPENSATION AGREED TO BE PAID	COMPENSATION ALREADY PAID

APPLICANT SHOULD IMMEDIATELY NOTIFY THE DEPARTMENT OF THE INTERIOR OF ANY CHANGE IN OR ADDITION TO THE INFORMATION SET FORTH ABOVE

*Subject to the Department of the Interior approval.

17. NAMES OF ANY DEPARTMENT OF THE INTERIOR OR SBA* EMPLOYEES AND/OR ADVISORY BOARD MEMBERS who have any relationship or direct or indirect financial interest whatsoever in applicant (such interest to include any direct or indirect financial interest in any other business entity or enterprise which is, in any way, connected with applicant) :

NAME AND ADDRESS	INTEREST IN APPLICANT

18. AGREEMENT ON NONEMPLOYMENT OF DEPARTMENT OF THE INTERIOR OR SBA PERSONNEL. In consideration of the making by the Department of the Interior to applicant of all or any part of the loan applied for in this application, applicant hereby agrees with the Department of the Interior that applicant will not, for a period of two years after disbursement by the Department of the Interior to applicant of said loan, or any part thereof, employ or tender any office or employment to or retain for professional services, any person who, on the date of such disbursement, or within one year prior to said date, (a) shall have served as an officer, attorney, agent, or employee of Department of the Interior or SBA and (b) as such, shall have occupied a position or engaged in activities which Department of the Interior or SBA shall have determined, or may determine, involve discretion with respect to the granting of assistance under the Fish and Wildlife Act of 1956 or the Small Business Act of 1953, or said acts as they may be amended from time to time.

19. CERTIFICATION. I hereby certify that:

- (a) The applicant has not paid or incurred any obligation to pay, directly or indirectly, any fee or other compensation for obtaining the loan hereby applied for, and has not paid or will not make any payment for services in connection with this application, without the consent of the Department of the Interior.
- (b) All information contained above and in exhibits attached hereto are true and complete to the best knowledge and belief of the applicant and are submitted for the purpose of inducing the Department of the Interior to grant a loan, or to participate in a loan by a bank or other lending institution, to applicant. Whether or not the loan herein applied for is approved, applicant agrees to pay or reimburse the Department of the Interior for the cost of any surveys, title or mortgage examination, appraisals, etc., performed by non-Department of the Interior personnel with consent of applicant.

.....
(Individual, general partner, trade name, or corporation)

[SEAL]

By

Attest
(Title)

Title

Whoever makes any statement knowing it to be false, or whoever willfully overvalues any security, for the purpose of obtaining for himself or for any applicant any loan, or extension thereof by renewal, deferment of action, or otherwise, or the acceptance, release, or substitution of security therefor, or for the purpose of influencing in any way the action of the Department of the Interior, or for the purpose of obtaining money, property, or anything of value, under the Fish and Wildlife Act of 1956 shall be punished as prescribed by law.

*Small Business Administration.

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